



Service Delivery Review of
the Town of Niagara-on-the-Lake

Presentation to the Council of
the Town of Niagara-on-the-Lake



Agenda

1. Overview of Today's workshop

2. Project scope, phases, activities and deliverables

3. Baseline, trending and Town activity

4. Stakeholder engagement

5. Service profiles

6. Opportunities

7. Net financial impact

Appendix – Implementation roadmap and value realization

This presentation is a summary of the report – *Service Delivery Review, The Town of Niagara-on-the-Lake* issued June 9th, 2020*. All the information presented is an excerpt and/or summary of the detailed analysis presented in the report.

*Revision with minor edits issued on June 19th, 2020

Today's workshop

To provide Council with a summary of our report - *Service Delivery Review, The Town of Niagara-on-the-Lake*, and take Council's questions



Background

The Town has used part of its funds from the Ministry of Municipal Affairs and Housing to conduct a Service Delivery Review



In response to this decision, Deloitte was hired as an external consultant the Review



We worked with the Town to develop recommendations with an approach that focused on the economy, efficiency and effectiveness of the Town's operations



Project Objectives

- To enhance fiscal responsibility, transparency, and ongoing fiscal sustainability
- Improvements to processes that drive service delivery modernization, efficiency and cost effectiveness
- Alignment with the Town's New Strategic Plan
- Better use and integration of existing and new technologies
- Service level improvements that best meet the current and long-term needs of its residents
- Completion of improvements by 2022

Scope of the Review







Five departments in addition to the Town's Public Library (total of \$27.4M¹ of 2018 actual expenditure, excluding amortization) were the baseline of the Review

Organisational unit	2018 Actual expenditure
• Operations	\$17.3M
• Office of the CAO (Administration)	\$2.8M
• Community & Development Services	\$2.6M
• Corporate Services	\$2.1M
• Fire & Emergency Services	\$1.8M
• Public Library	\$0.8M
Total	\$27.4M

Note 1: All figures presented are approximations based on data provided by Town management.

Phases and activities of the Review

The Review was completed in six phases; work began on January 20th and was concluded with the final report having been provided on June 9th, 2020*

- 
Phase 1
 Analysis of current services
 Analyzed current services and related costs to help prioritize where to focus the review
- 
Phase 2
 Stakeholder engagement
 Developed and implemented internal and external engagement plan to gather input and increase commitment to opportunities developed
- 
Phase 3
 Opportunity identification
 Identified key gaps based on best practice and identified potential changes to services and how services are delivered
- 
Phase 4
 Prioritization and decisions
 Presented opportunities for change to modernize and improve. Also provided an evaluation process to systematically determine the opportunities to prioritize
- 
Phase 5
 Financial projections
 Estimated the costs of prioritized opportunities and projected financial impact of implementation over 3 years
- 
Phase 6
 Final service delivery review report
 Finalized the report and a comprehensive and practical plan, including an unconstrained implementation plan to be completed by 2022. **Present report to Council**

By the numbers...	
30+	Data sets/ documents reviewed
24+	Town employees interviewed/ involved
15+	Interviews/ discussions completed
2	External open houses held
24	Service profiles completed

*Revision with minor edits issued on June 19th, 2020

Deliverables due from the Review

There are four deliverables due and each has now been provided

No.	Deliverables due	What we have provided
1	A project plan for the work, for agreement with Town staff	Provided in <i>Niagara-on-the-Lake Project Launch – January 22nd, 2020</i> , discussed at the launch meeting and agreed on with Town staff
2	A summary of the opportunities identified and the criteria used to evaluate opportunities	Provided in <i>Service Delivery Review, The Town of Niagara-on-the-Lake</i>
3	A financial model projecting capital and operating budgets for a 3-year period	Summarized in <i>Service Delivery Review, The Town of Niagara-on-the-Lake</i> (for quantifiable opportunities as incremental modifications to your existing 2020, 2021 and 2022 budgets)
4	A final report	<i>Service Delivery Review, The Town of Niagara-on-the-Lake</i> issued June 9 th , 2020*

*Revision with minor edits issued on June 19th, 2020

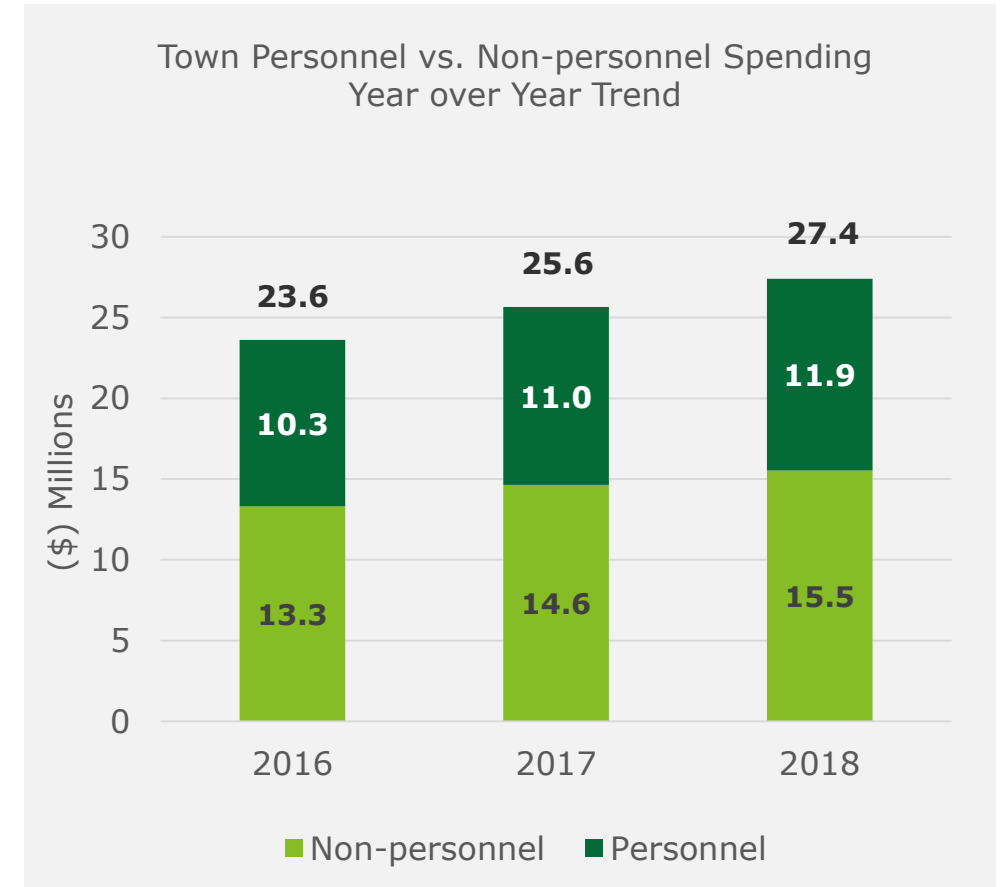
Expenditure trending and Town activity

While much of the Town's CAGR of 7.7% in operating expenses may be in response to inflationary pressure and population and tourism growth. The general lack of performance measures makes it difficult to pinpoint why and how effectively ~35% of the \$3.8M increase in expenditure between 2016 and 2018 has been spent

The Town's operating expenses grew by a compound annual growth rate of just over **7.7%** (from 2016 to 2018). This was largely due to:

- **Inflationary pressures on procured services:** CPI¹, which is a broad indicator of likely cost pressure, increased by **~2%** annually
- **Town growth**, which has driven the need for increased resources. Citizen and tourism populations continued to grow at **~3%** annually, outpacing Ontario¹
- The remaining increase in expenditure (**~2.7%**) is due to **increased personnel costs** and some **additional operational activity**. However, the lack of supporting data and key performance indicators makes it challenging to conclusively validate the impact of the additional funding that was spent

Note 1: Sourced from Statistics Canada



Stakeholder engagement

We identified six common themes to be considered in service assessment and opportunity identification

Engagement method		Responses/ attendees
Survey	Economic development	56
	Strategic plan	147
	Community wellness	200
	The 2020 budget	107
	Customer experience*	34
Open house	Businesses and developers	4
	General public	6

* new and assisted with development

Identified themes for change:

1. Establish a balance between meeting the needs of citizens and those of tourists
2. Collaborate more with neighboring townships and the Region
3. Increase transparency in the budget allocation decision making process
4. Balance citizen/community involvement with data-driven decision making by management and Council
5. Determine the relative importance of services, identify services that compliment strategic goals and modify service delivery accordingly
6. Improve staff training so that they can provide better and more resourceful service to citizens, and equip them with the tools to close the feedback loop with citizens in a timely and effective manner

Service profiles

We developed 24 service profiles covering ~81% of the baseline spending. Given the general immature service measurement regime, it is difficult to confirm economic, efficient and effective service provision with certainty. On balance 11 of the services are likely either performing above or below their notional standards

- We developed the profiles by working with management, considering the internal and external stakeholder commentary and by comparing the Town’s performance with three broadly comparable municipalities – Collingwood, Lincoln and Innisfil
- We identified a general absence of key performance indicators used by the Town, which means that it was difficult to determine conclusively how well the services were actually being provided
- However, based on the combination of data sources and observations, we were able to determine that 15 of the 24 material external services (62.3% of the operating budget) are probably being delivered at or above standard

Service Level Standard	# of External Services	% of Operating Budget	Spend \$
Above Standard	2	4.0%	\$1.1M
At Standard	13	58.3%	\$16.0M
(Likely) Below Standard	9	18.6%	\$5.1M
Total	24	80.9%	\$22.2M











Service profiles – above or below standard

Eleven services are likely either above or below a specified standard or do not meet citizen's expectations

Service	+/-	Reasoning
Library	+	Very modern amenities/services, strong data-driven decision making. Spends less than others
Cemetery	+	Strong digital functionality, comparable services with other municipalities and few complaints
Roads	-	Citizen dissatisfaction (complaints and survey responses) and a lack of effective communication of service levels compared with legislation
Street Lighting	-	Citizen dissatisfaction (complaints) despite high spend vs. comparators
Trees	-	Citizen dissatisfaction (complaints and survey responses) as well as a lack of effective communication of service levels
Winter Control	-	Low investment vs. comparators. Low citizen satisfaction (complaints and survey responses) as well as a lack of effective communication of service levels compared with legislation
Storm Water Mgt.	-	Lack of active communication of service levels and on-going challenges in service delivery
Planning	-	Citizen dissatisfaction (open houses) primarily due to untimely and inconsistent communication in the permit application process
Building Services	-	Lack of service standardization (e.g. inconsistent application processes) resulting in inconsistent service levels.
By-law Enforcement	-	Certain by-laws are unenforceable with limitations on evidence officers can collect
Clerks	-	Citizen dissatisfaction (complaints) with the availability of services and the number of committees vs. comparators, which may also drive inefficiency

Opportunities

There are 53 opportunities organized into ten themes based on their common characteristics

-  Manage enterprise risk
-  Increase the Town's revenues
-  Strengthen the Council and Town Management working relationship
-  Improve controls in water operations
-  Review, set and communicate service levels
-  Centralize procurement
-  Modernize data and work order management
-  Plan for capital asset replacement
-  Address constraints in the organizational structure
-  Design a comprehensive fire master plan

The table below illustrates how the 53 opportunities have been prioritized, 42 of which could be reasonably implemented by the end of 2022

Timing of Opportunity	# of Opportunities	Timeline (Implemented by)
Quick Wins	20	December 31 st , 2020
Medium-Term	22	January 1 st , 2021 – December 31 st , 2022
Long-Term	11	January 1 st , 2023+
Total	53	

Opportunities

Each of the 53 opportunities may benefit the Town in one or more ways in that it may drive a quantified financial impact, improve service or operational efficiencies and lay a strong foundation for improvement

Type	Examples of the opportunities
Quantified financial impact (8)	Conduct an annual parking operations and inventory review to help the Town increase revenues and plan parking supply to accommodate the tourist users during high-demand seasons (Revenue +365K)
	Institute a revenue policy for service-generated user fees to achieve systematic and smart balanced growth for the Town (Revenue +150K)
	Perform a water audit using the IWA/AWWA methodology to stabilize water operations and recoup losses incurred (Revenue +275K, Expenses -90K)
	Improve buying practices (Procurement By-law) to drive savings in purchasing (Expenses -250K) Establish a full-time employee to manage procurement to centralize purchases, eliminate redundancies in ordering and reduce challenges in capacity (Expenses +85K)
Service benefit (18)	Clearly define and communicate municipal services to reduce citizens' uncertainty on service levels
	Standardize service request intake, triage and feedback to help deliver service consistently and efficiently
Operational benefit (27)	Develop key performance indicators to drive improvement and a data-driven approach to operations
	Procure integrated IT solutions that meet the Town's needs to drive operational efficiencies

Net financial impact

There is an opportunity to improve the financial position by at least ~ \$1M (nearly 4% of the 2018 operating budget) by the end of 2022 assuming that eight quantifiable opportunities are implemented as per the roadmap provided

- We were able to estimate the cash flow operating and capital implications of five opportunities and the cost implications only of another three opportunities, eight of 53 in total
- We expect other opportunities to generate financial benefits, but cannot confirm their impacts given the lack of data available on which to base any estimates

Net Financial Impact ¹	Year ended		
	2020	2021	2022
Change in Revenue	+ \$120,000	+ \$790,000	+ \$790,000
Change in Expenses	+ \$170,000	- \$93,500	- \$185,500
Net Change in Surplus / Deficit	- \$50,000	+ \$883,500	+ \$975,500
Initial Capital Investment	\$0	+ \$4,000	\$0

Note 1: The information below does not indicate total financial statement balances as these estimates have not been calculated in accordance with Public Sector Accounting Standards, but rather on a cash-flow basis. Financial projections are incremental modifications to existing 2020, 2021 and 2022 budgets.

Appendix

Implementation roadmap and value realization

The implementation roadmap was developed with the consideration that the Town will need to prioritize the implementation because not all opportunities can be implemented concurrently

In order for the Town to realize the potential value from the implementation of recommended opportunities there must be a focus on the value drivers identified below:



People – Personnel should possess the skills and capabilities required by their roles and responsibilities so that they can discharge their duties efficiently and effectively



Policies – Management and staff must remain diligent in standardizing policies and procedures, as well as ensuring adoption from the top-down



Change management – Change management processes and training must be actively implemented in order for recommended changes to be impactful



Technology – Modern technology should be considered when the benefits driven by it outweighs the investment required to implement technology or it is an operating necessity



Measures – Key performance indicators are essential in tracking and monitoring performance improvement



Operating model – The existing operating model for services may need to be altered to right-size delivery levels and balance resources with needs.

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The implementation roadmap was developed with the consideration that the Town will need to prioritize the implementation because not all opportunities can be implemented concurrently

Opportunity	Value Realization Drivers						Quick Wins		Medium-Term			
	People	Policies	Change management	Technology	Measures	Operating model	Jul 1 2020	Jan 1 2021	Jul 1 2021	Jan 1 2022	Jul 1 2022	Dec 31 2022
							←		→			
Manage enterprise risk												
Revise budgeting practices with departments to improve workflow		X	X									
Align the strategic plans of the Town and Library						X						
Implement key performance indicators for the Library			X		X							
Establish an enterprise risk management policy		X	X									
Develop key performance indicators to drive improvement			X		X							
Review and revise the funding allocated to services impacted by Town growth		X	X									
Improve hydrant inspection process		X	X									
Strengthen the Council and Town Management working relationship												
Prioritize hiring of permanent CAO	X					X						
Reduce the number of boards/committees						X						
Review, set and communicate service levels												
Revise specificity of by-laws to increase enforceability		X										
Develop KPIs to measure engagement with residents			X		X							
Expand use of ArcGIS technology to improve operations		X		X								
Clearly define and communicate municipal services		X	X	X								
Establish shared services model with Library to offer extended hours		X				X						
Consider alternative service delivery for public transit			X	X		X						

Implementation roadmap and value realization

The implementation roadmap was developed with the consideration that the Town will need to prioritize the implementation because not all opportunities can be implemented concurrently

Opportunity	Value Realization Drivers						Quick Wins	Medium-Term
	People	Policies	Change management	Technology	Measures	Operating model		
Modernize data and work order management								
Standardize service request intake, triage and feedback		X	X				█	
Improve communication and workflow between departments		X	X			X	█	
Procure integrated IT solutions that meet the Town's needs			X	X			█	█
Remove paper based processes for Planning & Building applications			X	X				█
Address constraints in the organizational structure								
Establish a full-time employee to manage drainage and irrigation	X					X	█	
Move employees to departments which align expertise with citizen services	X	X	X			X	█	
Update training of managers on reviewing and approving timesheets	X	X					█	
Streamline new hires paper work and training process	X	X					█	
Establish a formal Communications Officer title	X					X	█	
Revise job processes and job descriptions		X					█	
Design a technical training plan	X	X						█
Increase the Town's revenues								
Conduct an annual parking operations and inventory review		X			X		█	
Institute revenue policy for service-generated user fees		X	X				█	
Improve grant application model						X		█
Conduct an annual capacity and cost recovery analysis for facilities		X			X			█
Provide marriage licenses and conduct wedding ceremonies						X	█	

Implementation roadmap and value realization

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Opportunity	Value Realization Drivers						Quick Wins		Medium-Term			
	People	Policies	Change management	Technology	Measures	Operating model	Jul 1 2020	Jan 1 2021	Jul 1 2021	Jan 1 2022	Jul 1 2022	Dec 31 2022
Improve control in water operations												
Perform a water audit leveraging the IWA/AWWA methodology					X		█					
Standardize water meter installation process		X	X					█				
Centralize procurement												
Establish a full-time employee to manage procurement	X					X		█				
Perform an analytical review of indirect taxes paid					X	X	█					
Improve buying practices (Procurement By-law)		X	X			X			█			
Finalize the MOU between the Town and the Library		X				X				█		
Plan for fleet asset replacement												
Revise chargeback calculations to accurately save for asset replacements		X	X		X			█				
Improve asset management and create preventative maintenance plan		X	X		X				█			
Design a comprehensive fire master plan												
Establish an analytical approach to apparatus replacement		X	X		X		█					
Design a fire master plan with focus on personnel and locations	X	X				X			█			
Establish a dedicated Emergency Operations Centre	X	X								█		



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